

Unknown

From: Messmore, William [william.messmore@lehman.com]
Sent: Wednesday, May 21, 2008 8:05 AM
To: Montgomerie, Rick
Cc: Vaughan, Charlie
Subject: RE: MV Re/Pulsar Re/ Lehman Re - Collins Security Committee

Just to confirm - is this both personal and commercial?

Do you have a sample Nat Cat confirm?

-----Original Message-----

From: Montgomerie, Rick [mailto:Rick.Montgomerie@magnetar.com]
Sent: Friday, May 16, 2008 12:56 PM
To: Messmore, William
Cc: Vaughan, Charlie; McBeth, Doug; O'Brien, David
Subject: Re: MV Re/Pulsar Re/ Lehman Re - Collins Security Committee

Will,

Many thanks for this and for meeting Charlie and I earlier in the week. It was also great to meet Doug.

As discussed at the meeting we would be interested in the following:

ILW Trades:

Florida \$50m at levels of between \$15bn to \$30bn

California Quake \$15m at levels of between \$10bn to \$30bn

Europe Wind/Flood \$15m at levels of between \$7.5bn to \$12.5bn

Japan ANP \$10m at levels of between \$7.5bn to \$12.5bn

These trades are ready now and could incept soon after June 1st.

Capital

We have potential interest in \$50m of capital that would like to assume risk in a vehicle (that could sit behind Lehman).

Lehman Re

As mentioned Watkins syndicate in London which is owned by Munich Re have a security meeting early next week. If there

any words in addition to below which you could provide, it would be very helpful.

Many thanks for pushing through some of the outstandings.

Best regards,

Rick

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-----Original Message-----

From: Messmore, William <william.messmore@lehman.com>
To: Montgomerie, Rick
CC: Vaughan, Charlie; McBeth, Doug <dmcbeth@lehman.com>; O'Brien, David <david.obrien@lehman.com>
Sent: Thu May 15 10:30:06 2008
Subject: RE: MV Re/Pulsar Re/ Lehman Re - Collins Security Committee

Hi Rick, to respond to your question -

Collateral relating to the transformer business is included in the "Funds Held" line in the liabilities section of the balance sheet. The related assets backing this obligation are in the "Securities Purchased Under Agreement to Resell" line.

The collateral is invested in a reverse repo position with LCPI that is fully collateralized. Lehman Holdings does not have the legal right to claim Lehman Re's collateral to extinguish Lehman Holdings' own obligations.

Lehman Brothers Holdings Inc has entered into a net worth maintenance agreement with Lehman Re. This agreement commits the holding company to provide capital as needed to ensure that Lehman Re continues to have sufficient net worth to cover the Bermuda Monetary Authority's minimum solvency margin requirements, and to provide liquidity as needed to pay its claims.

This credit support is in addition to the already strong standalone financial strength of Lehman Re, as indicated by its A rating from AM Best.

Thanks

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